



European Association of the Machine Tool Industries

Where manufacturing begins

CECIMO Statistical Toolbox

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Introduction

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In its latest World Economic Outlook, the International Monetary Fund (IMF) estimates that growth remains moderate, with uneven prospects across the main countries and regions. The forecast for global growth is 3.5 percent in 2015 and 3.8 percent in 2016, about the same as last year, but this aggregate number masks diverse developments.

In 2015, growth will be driven by a rebound in advanced economies supported by the decline in oil prices. Indeed, after weak second and third quarters in 2014, the euro area's growth rate is picking up, supported by these lower oil prices, low interest rates, and a weaker euro. A strong domestic demand supports the United States' economy. A weaker yen and lower oil prices are also expected to lead to of the recovery of growth in Japan.

On the other hand, growth in the emerging and developing economies is projected to slow from 4.6 percent in 2014 to 4.3 percent in 2015. China, the biggest machine tool consuming country, works on reducing vulnerabilities from the recent rapid credit and investment growth. The actions taken will likely cause investment to slow down, particularly in real estate. Oil price declines will sharply slow the oil-exporting countries' growth, especially those that also face difficult initial conditions like Russia. Aging population, lower investment, and sluggish advances in productivity are factors that will make the potential growth decline significantly both in advanced and emerging market economies.

While the retail sales rose 0.7 per cent in the euro area in April, proving that the consumption is speeding up, the future of European economy is clouded by the failing talks between Greece and its three bailout monitors: the European Commis-

sion (EC), the IMF and the European Central Bank. Negotiators will try to close a deal that will unlock the final €7.2 billion tranche of Greece's international bailout. Unfortunately, the reforms offered by Athens have failed to convince the Eurogroup and the country's creditors. Greece now finds itself in a more precarious situation than ever, and unable to pay its debts. A disorderly Grexit could resurrect anxieties about the volatile financial situation in most Southern European countries.

The investment gap of Europe has been estimated to around 700 billion euros. For example, in 2013 foreign direct investment inflows into the EU stood at around \$240 billion, down from \$857 billion in 2007. Outflows were \$252 billion in 2013, down from \$1.3 trillion in 2007. The EC's investment plan is a bold step in the right direction, but needs to be accompanied by actions to make the investment climate better. European companies' have lost faith in their own market as an investment destination. Europe needs to create a more supportive environment for productive international investment that reflects the changing needs of investors.

The importance of innovative policy responses was stressed during CECIMO's Additive Manufacturing European Conference on 23 June 2015 in Brussels. Europe accommodates the necessary know-how, skilled workforce and resources to become a global centre of excellence in additive manufacturing. For this to happen, the right regulatory framework must be put in place to allow the diffusion of additive technologies, related products and services. Smart action and rules can unlock the full potential of this technology.

2.1 GDP

According to a second estimate published by Eurostat, the statistical office of the European Union, the seasonally adjusted GDP rose by 0.4% in both the euro area (EA19) and the EU28 during the first quarter of 2015, compared with the previous quarter. In the fourth quarter of 2014, the GDP also grew by 0.4% in both areas.

In the first quarter of 2015 compared with the same quarter of the previous year, the seasonally adjusted GDP rose by 1.0% in the euro area and by 1.5% in the EU28, after +0.9% and +1.4% respectively in the previous quarter.

In the first quarter of 2015, among Member States for which data are available, the



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Czech Republic (+3.1%), Cyprus and Romania (both +1.6%) recorded the highest growth compared with the previous quarter, followed by Poland (+1.0%), Bulgaria and Spain (both +0.9%), Hungary, Slovenia and Slovakia (all +0.8%). Decreases were registered in Lithuania (-0.6%), Estonia (-0.3%), Greece (-0.2%) and Finland (-0.1%).

During the first quarter of 2015, the GDP in the United States decreased by 0.2% compared with the previous quarter (after an increase of 0.5% in the fourth quarter of 2014). Compared with the same quarter of the previous year, the GDP grew by 2.7% (after +2.4% in the previous quarter).

2.2 Interest rates – EURIBOR

The average 3-month Euribor recorded -0.01% and 12-month Euribor 0.17% in May. Compared to April, the average 3-month Euribor and 12-month Euribor decreased both by 1 percentage point.

The euro area's annual consumer price inflation was 0.3% in May 2015, up from 0.0% in April and compared with -0.6% in January. Despite a positive trend, the annual inflation is expected to remain low in the next months and to rise towards the end of the year because of the increase in oil prices and the low euro exchange rate. Even if the economic outlook is improving, the European Central Bank is cautious about tightening its policies and is expected to keep the interest rates low in the foreseeable future.

See [glossary](#) for definitions

2.3 Industrial production index

In April 2015 compared with March 2015, the seasonally adjusted industrial production rose by 0.1% in both the EA19 and the EU28 according to estimates from Eurostat. In March 2015, industrial production decreased by 0.4% and 0.1% respectively.

The industrial production's increase in the euro area is due to the production of durable consumer goods rising by 1.0%, the production of capital goods by 0.7% and the production of intermediate goods by 0.3%, while the production of non-durable consumer goods fell by 0.8% and the production of energy by 1.6%. In the EU28, the increase is due to the production of capital goods rising by 0.6% and the production of durable consumer goods by 0.5%, while the production of intermediate goods was stable. The production of energy fell by 0.4% and the production of non-durable consumer goods by 1.2%.

Among Member States for which data are available, the highest increases in industrial production were registered in Lithuania (+3.4%), Sweden (+2.2%) and Portugal (+2.1%), and the largest decreases in Croatia (-4.1%), Malta (-3.8%), Greece (-2.3%) and Poland (-2.1%).

In April 2015 compared with April 2014, industrial production increased by 0.8% in the euro area and by 1.2% in the EU28. The increase in the euro area is due to the production of capital goods rising by 2.1%, the production of durable consumer goods by 1.7% and both the production of intermediate goods and energy by 0.2%, while the production of non-durable consumer goods fell by 0.3%. In the EU28, the increase is due to the production of capital goods rising by 2.4%, the production of durable consumer goods by 1.7%, the production of energy by 1.1% and the production of intermediate goods by 0.8%, while the production of non-durable consumer goods fell by 0.8%.

In yearly comparison, the highest increases among Member States for which data are available were registered in Latvia (+10.2%), Ireland (+9.8%) and Hungary (+6.3%). Decreases were recorded in Finland (-4.1%), the Netherlands (-3.9%), Portugal (-1.1%) and Estonia (-0.2%).

See [glossary](#) for definitions

2.5 Capacity utilisation in the investment goods sector

In the European manufacturing sector, the estimated rate of capacity utilisation increased to 84.2% in the second quarter of 2015 (0.8 point higher than in February). Capacity utilization in the euro area increased to 84.0% from 83.3% in the previous quarter. The euro area capacity utilisation averaged 81.0% from 1985 to

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2015, reaching an all-time high of 85.3% in the fourth quarter of 1989 and a record low of 69.6 % in the third quarter of 2009.

At the same time, the share of managers assessing their current production capacity as 'more than sufficient' (in view of current order books and demand expectations) increased slightly and managers' export volume expectations were revised downwards.

See [glossary for definitions](#)

2.7 Foreign exchange rates

The euro effective exchange rate experienced more volatility than in the previous months. In the second half of May, the euro weakened, returning to levels similar to those of early March and standing at 8.9% below the level observed one year earlier. Thereafter, the euro appreciated markedly both in effective terms and against the US dollar.

The average euro exchange rate depreciated against the Swiss franc by 0.3%, the Japanese yen by 4.5% and against the US dollar by 3.5% in May compared to April. Taking into account market expectations, the euro exchange rate will remain low, supporting the European machine tool exports.

3.1 OECD Business Confidence Indicator (BCI) for Europe

Business confidence indicators (BCIs), designed to anticipate turning points in economic activity relative to trend, point to improving growth within the OECD. The BCIs forecast firming growth in the euro area, particularly in Italy and Spain. Stable growth is anticipated in broader Europe, in the United Kingdom, Germany and France.

The first signs of positive change in the growth momentum are seen in the United States and India, where the growth stays below historical average. The BCIs in

Japan and China point to a stable growth momentum. The growth is easing in Russia and Brazil.

See [glossary for definitions](#)

3.2 Purchasing Managers' Index (PMI)

The global PMI edged up to 51.2 in May from April's near two-year low of 51.0. Manufacturing across Asia remained weak in May, painting a dark picture of economic activity in the region. The Chinese PMI pointed to continued weakness: the reading of 49.2 was slightly higher than in April but still below 50-mark for growth. This shows that manufacturing conditions in China continued to deteriorate. India is the only exception in Asia, its PMI rose again in May, reaching 52.6 from 51.3 in April. In the United States, the manufacturing PMI improved to 52.8 last month from 51.5 in April, as orders increased at the fastest pace in five months.

The euro area is benefiting from the ECB's 1.1 trillion-euro stimulus program. The manufacturing PMI for the entire euro region matched 52.2, the strongest reading since May 2014. In parts of Europe, manufacturing grew more than forecast in May as the weaker euro helped drive exports. The PMI for Italy climbed to 54.8, the highest level since 2011, while the Spanish measure jumped to 55.8. In Germany, the index fell compared to the flash estimate, dropping to 51.1 from 52.1 and France's PMI remained below 50.

"The survey data point to a quarterly rate of industrial growth of approximately 0.5%. This should help drive GDP higher in the second quarter, perhaps matching the 0.4% rise seen in the first three months of the year. The rate of growth is modest rather than spectacular, however, and there are clearly countries which continue to struggle. Weakness is centred in the region's core, with France's manufacturing sector still in decline and Germany only seeing very meagre growth. On the other hand, Spain and Italy appear to be staging strong recoveries, benefiting in particular from impressive export performances. Such export gains point to improved competitiveness which bodes well for longer-term economic prospects. Manufacturers in France and Germany need to be mindful of such competition," commented Markit.

See [glossary for definitions](#)

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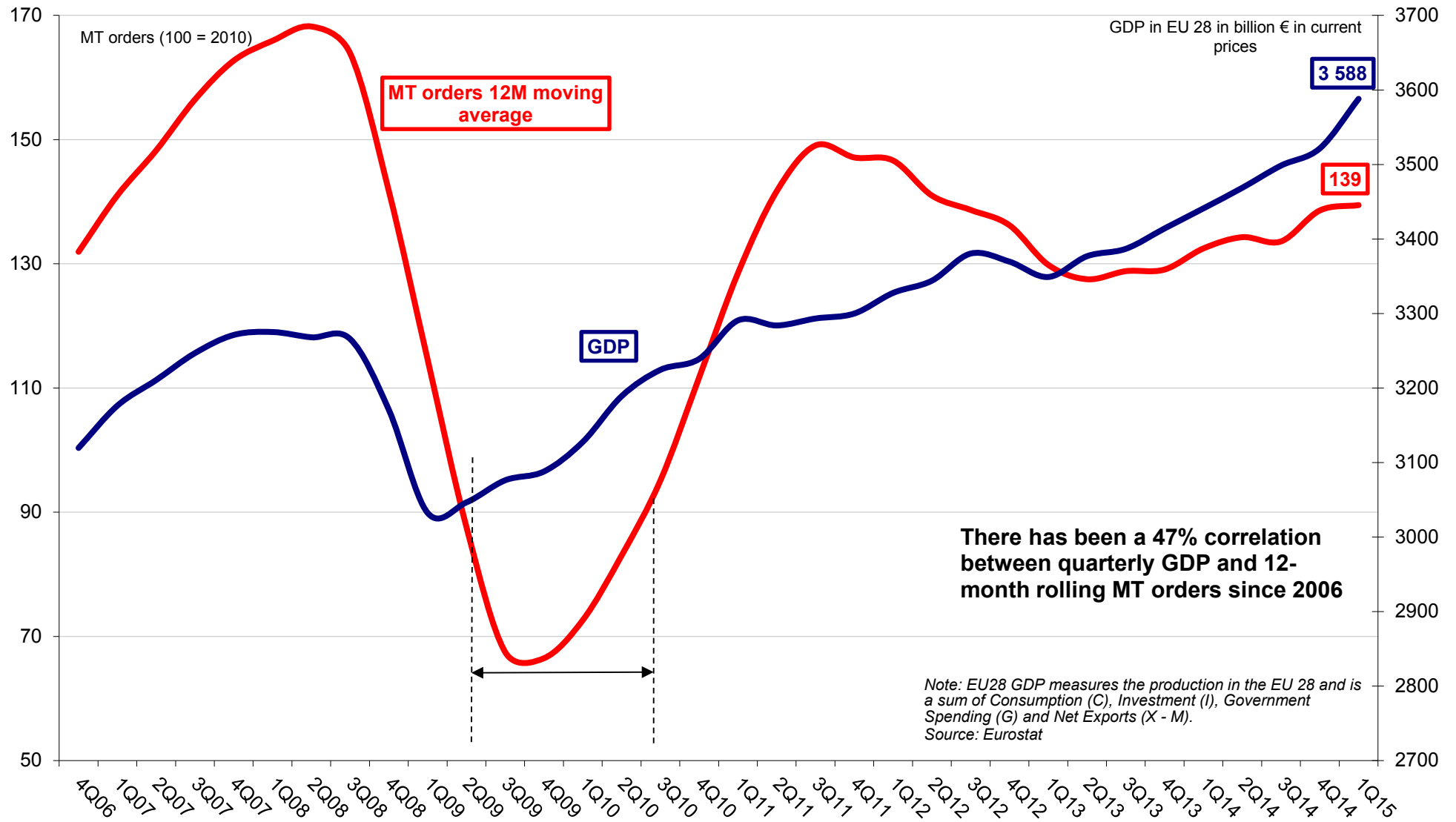
↑ 4 MT-IX

In April, the MT-IX increased 4.2%. The index gained 10 points compared to April's value, and posted at 248 points in May 2015.

The market value of machine tool companies decreased in South-Korea and Taiwan. The market capitalisation of machine tool builders grew in Japan, the United Kingdom and Brazil. Machine tool companies from Europe and the United States booked more varied results.

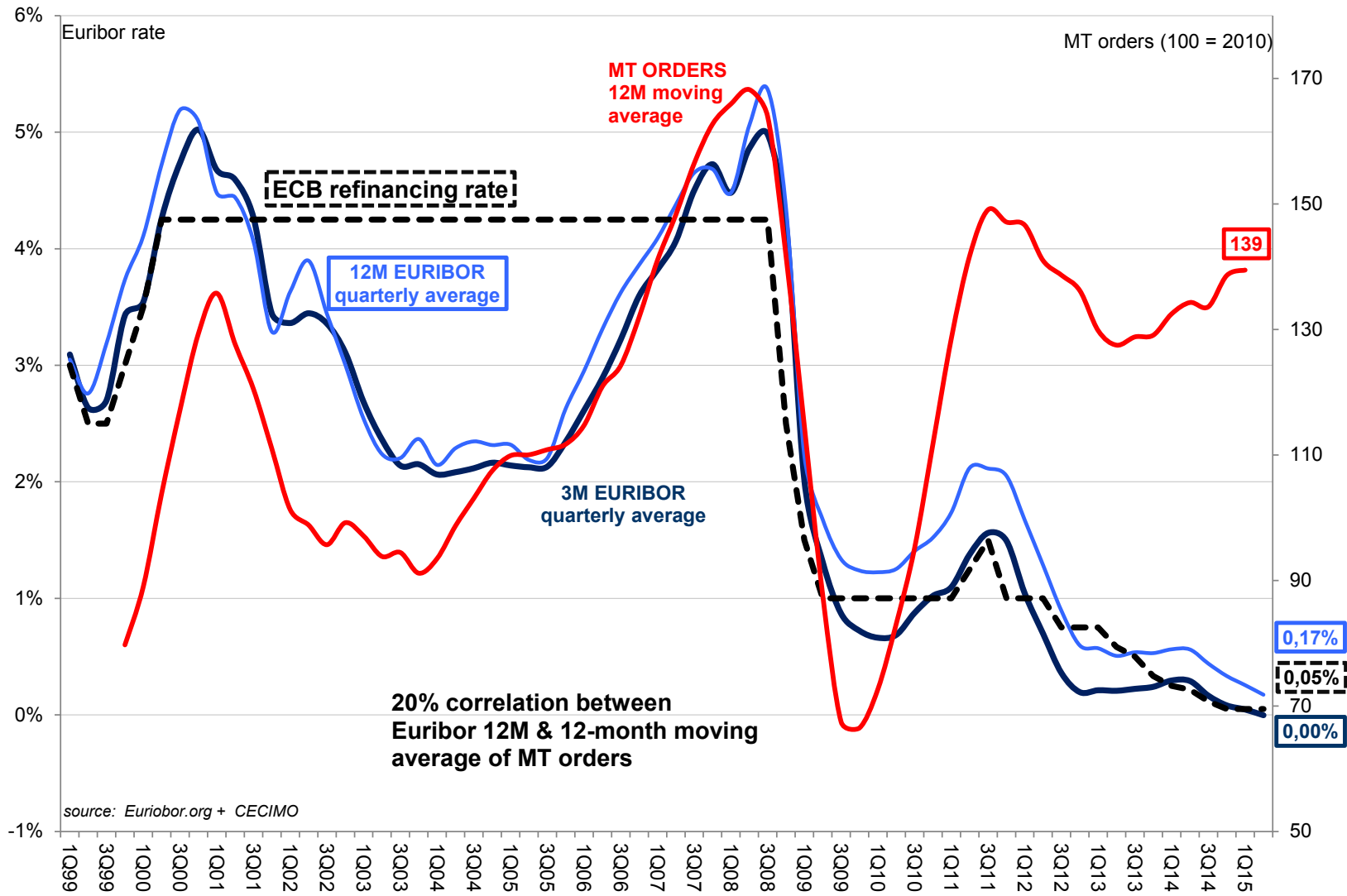
See [glossary](#) for definitions

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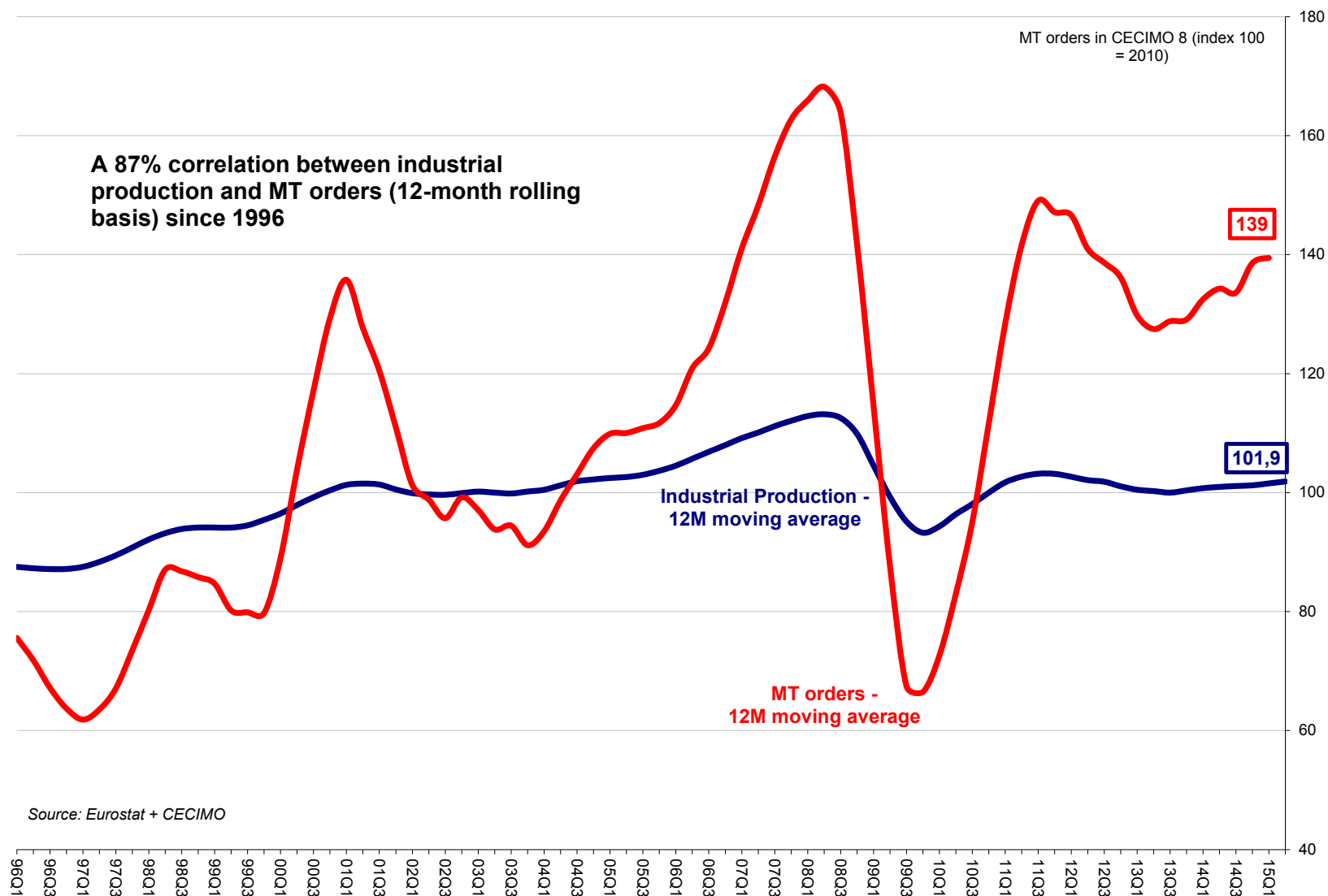
2.2 Interest rates - EURIBOR

see commentary [---->](#)



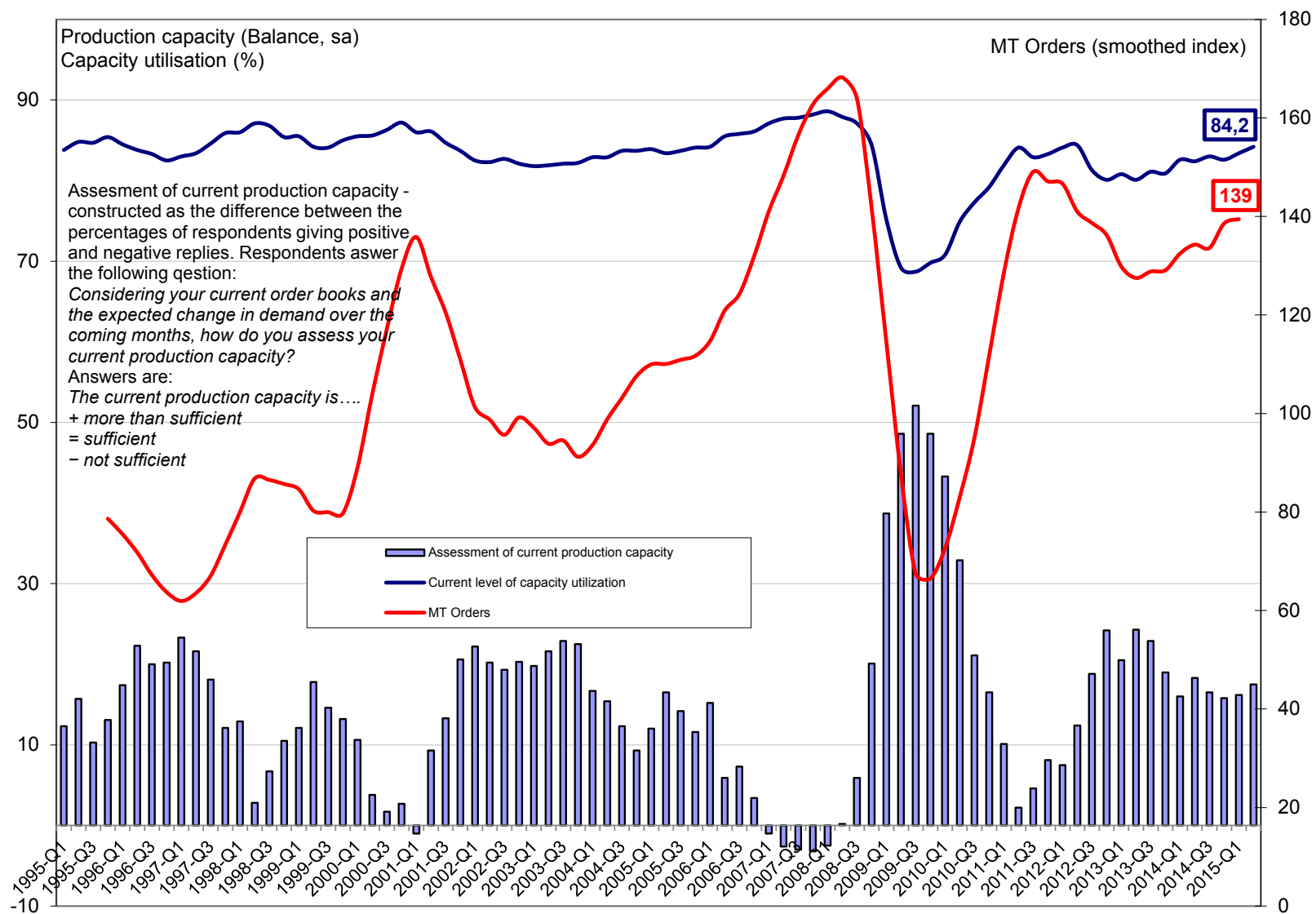
2.3 Industrial production index

see commentary [→](#)



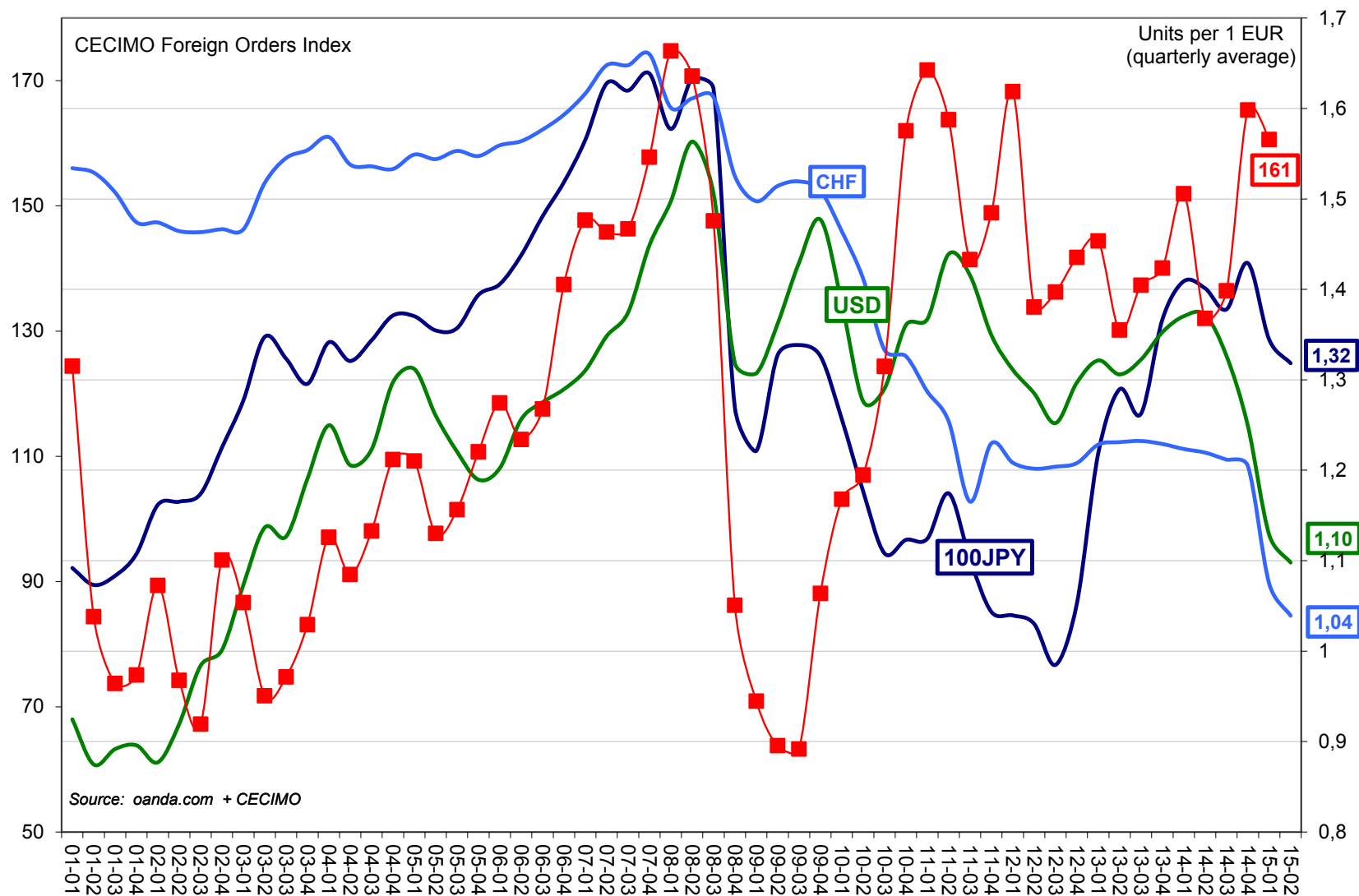
2.5 Capacity utilisation in the invest. goods sector

see commentary [----](#)



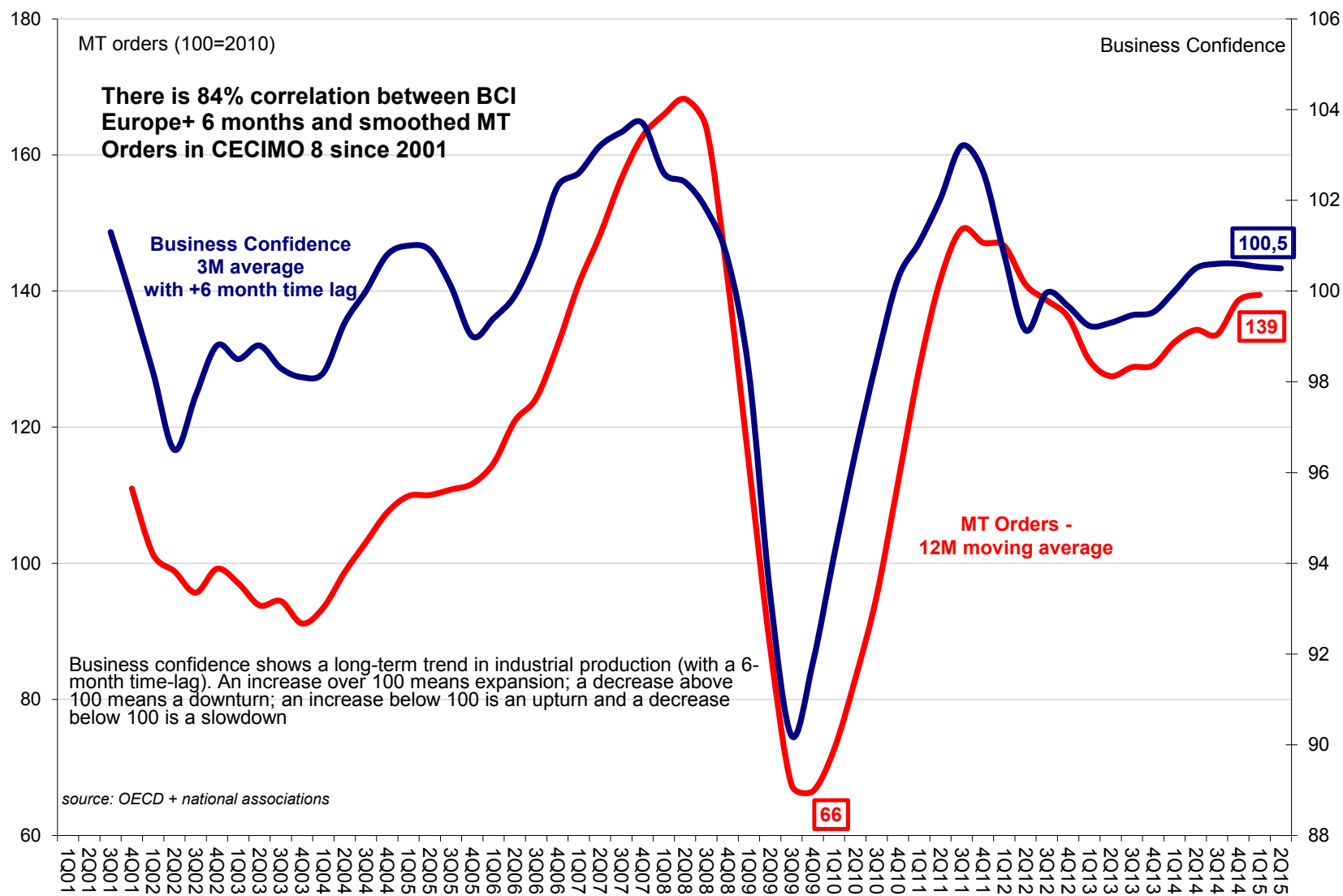
2.7 Foreign exchange rates

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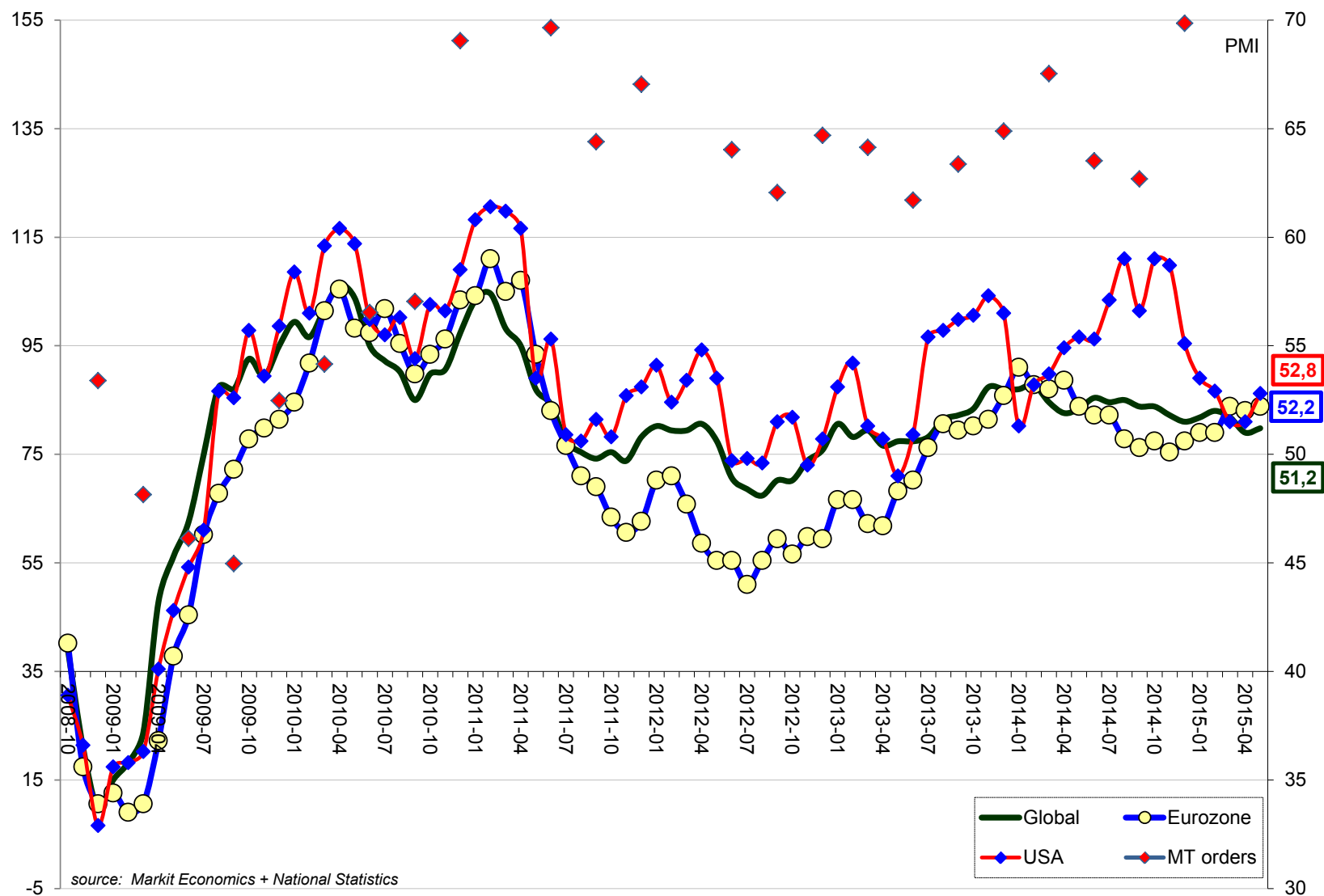
3.1 OECD Business Confidence Indicator (BCI) for Europe

see commentary [----](#)



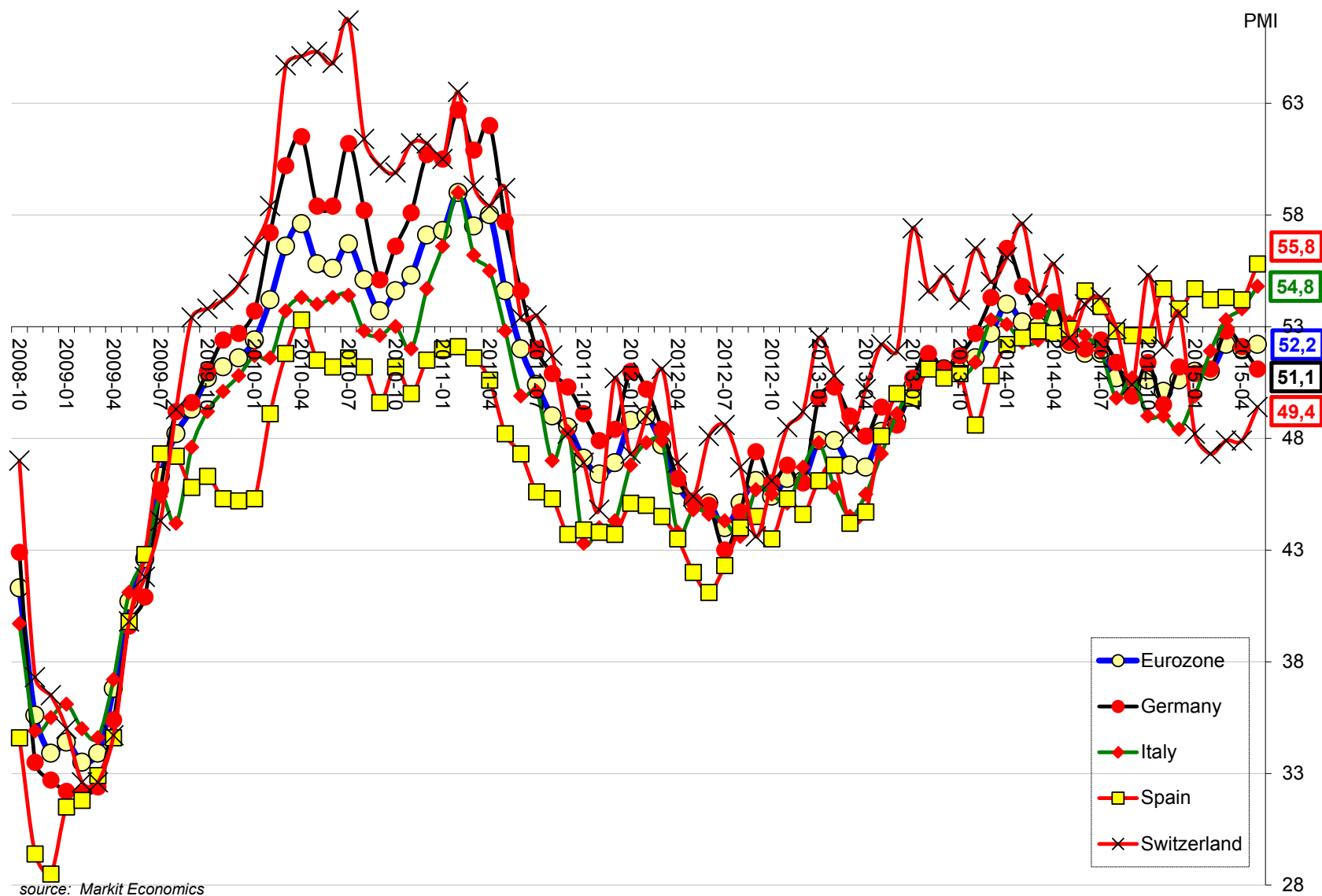
3.2 Purchasing Managers' Index (PMI) - Global

see commentary [---->](#)



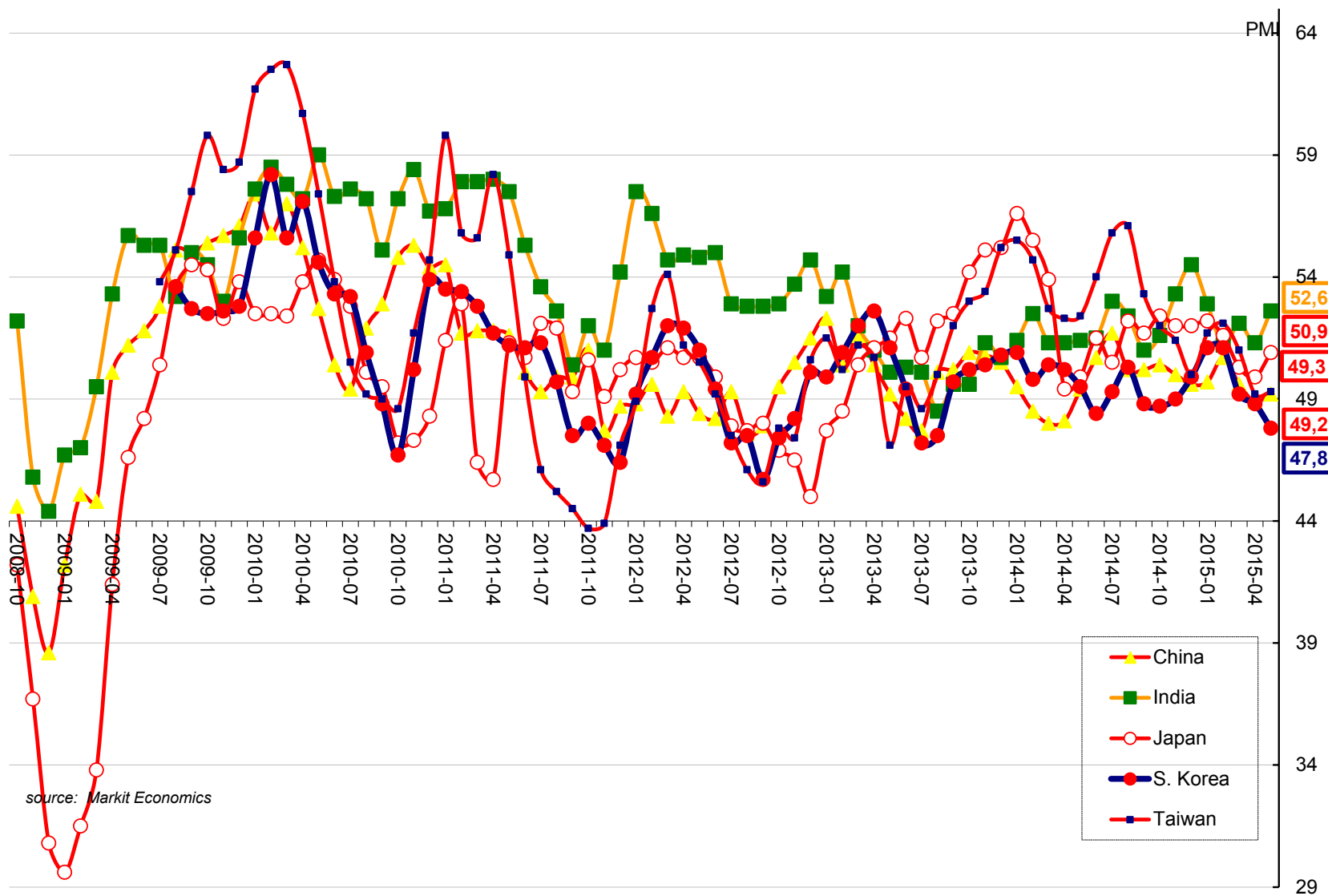
3.2 Purchasing Managers' Index (PMI) - Europe

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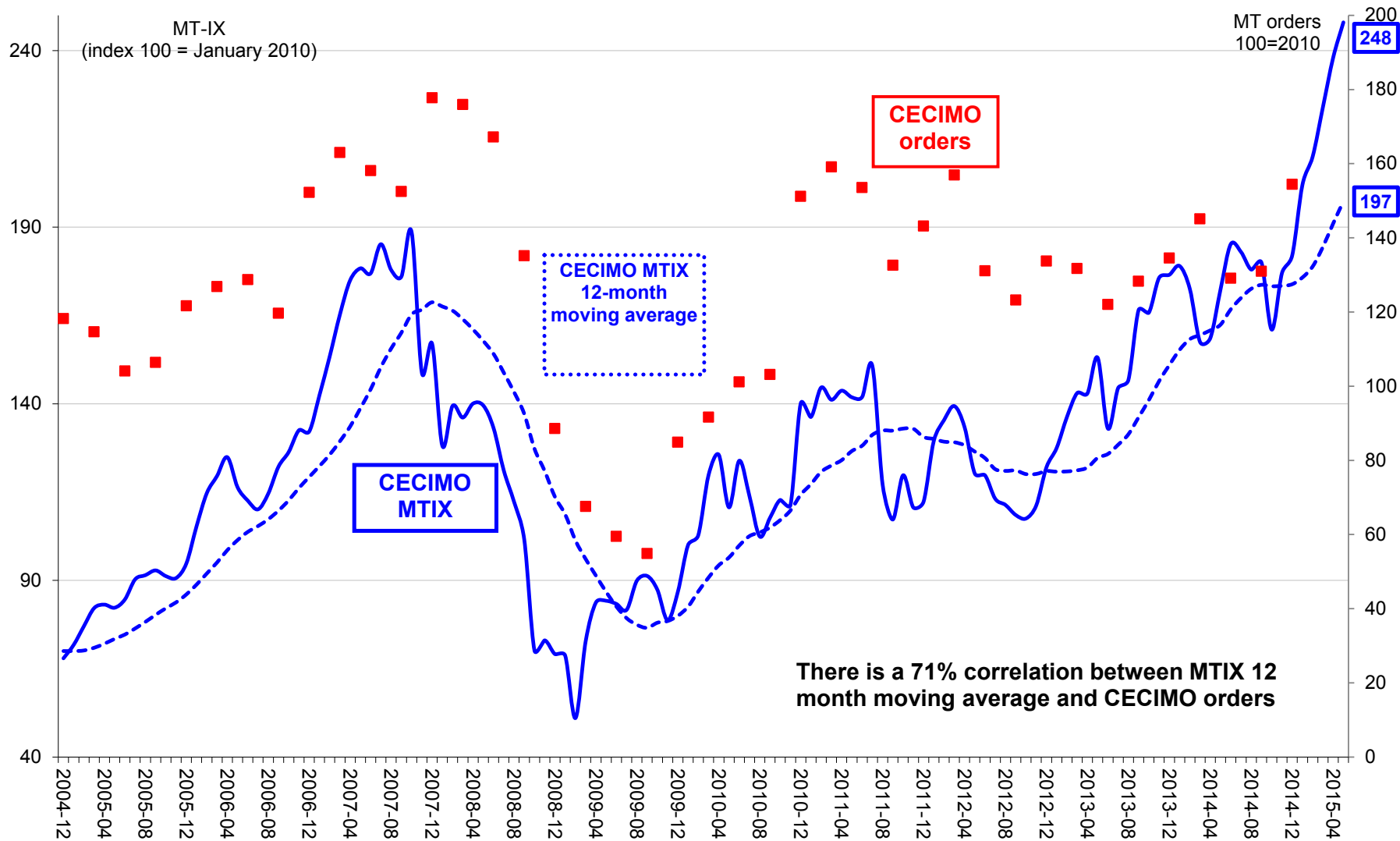
3.2 Purchasing Managers' Index (PMI) - Asia

see commentary [----](#)



source: Markit Economics





2.2 Interest rates - Euribor

Euribor® (Euro Interbank Offered Rate) is the rate at which euro interbank term deposits are being offered by one prime bank to another within the EMU zone.

<http://www.euribor-ebf.eu/>

2.3 Industrial production index

The objective of the production index is to measure changes in the volume of output at close and regular intervals, normally monthly. It provides a measure of the volume trend in value added over a given reference period. The production index is a theoretical measure that must be approximated by practical measures. Value added at basic prices can be calculated from turnover (excluding VAT and other similar deductible taxes directly linked to turnover), plus capitalised production, plus other operating income plus or minus the changes in stocks, minus the purchases of goods and services, minus taxes on products which are linked to turnover but not deductible plus any subsidies on products received. The division of production in construction between building construction and civil engineering is based on the classification of types of construction (CC). Statistical population: Production: sections B, C, D of NACE (D353 excluded); Base period: Year 2005 = 100.

http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/is_esms.htm

2.5 Capacity utilization in the investment goods sector

Population: Investment goods producers. Data covered: Assessment of current production capacity, measured as a balance (seasonally adjusted); Current level of capacity utilization, measured in % (seasonally adjusted). More than 38 000 industrial firms are surveyed every month, while the biannual investment survey includes over 44 000 units. Answers obtained from the surveys are aggregated in the form of “balances”. Balances are constructed as the difference between the percentages of respondents giving positive and negative replies. The Commission calculates EU and euro-area aggregates on the basis of the national results and seasonally adjusts the balance series. http://ec.europa.eu/economy_finance/db_indicators/surveys/documents/userguide_en.pdf

3.1 OECD Business Confidence Indicator (BCI) for Europe

The Composite leading indicators (CLI), which BCI is part of, comprises a set of component series selected from a wide range of key short-term economic indicators to ensure that the indicators will still be suitable when changes in economic structures occur in future. While theory says that a turning point in the CLI signals a turning point in the reference series, such turning points, in reality, are determined by a complicated process. Therefore, one often needs to wait for several periods to draw a more definite conclusion. A useful way to exploit the information in CLIs is to take their year-on-year growth rate.

The standardised BCIs represent only the manufacturing sector. BCI shows a long-term trend in industrial production (with a 6-month time-lag). An increase over 100 means expansion; a decrease above 100 means a downturn; an increase below 100 is an upturn and a decrease below 100 is a slowdown.

<http://stats.oecd.org/mei/default.asp?lang=e&subject=5>

3.2 Purchasing Managers' Index (PMI)

The Global Report on Manufacturing is compiled by Markit based on the results of surveys covering 9,000 purchasing executives in 30 countries. Together these countries account for an estimated 86% of global manufacturing output. Questions are asked about real events and are not opinion based. Data are presented in the form of diffusion indices, where an index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease.

<http://www.markiteconomics.com/Survey/Page.mvc/AboutPMIData>

4 MT-IX

MTIX is an index based on the capitalization of 23 leading, publicly listed machine tool producing companies. The capitalization of the companies included is weighted by the share of machine tool turnover in total revenues. The total capitalization calculated in that way is weighted then by and estimated share of the European companies in the world total output in 2005.